

**FILED**

MAR 15 2023

INSURANCE REGULATION  
Docketed by: MS



OFFICE OF INSURANCE REGULATION

MICHAEL YAWORSKY  
INTERIM COMMISSIONER

IN THE MATTER OF:

CASE NO.: 302738-22-CO

AF&L INSURANCE COMPANY

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CONSENT ORDER

THIS CAUSE came on for consideration as a result of a rate filing submitted to the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") by A F & L INSURANCE COMPANY ("AF&L" or "company"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter of and the parties to this proceeding.
2. AF&L is a foreign insurer domiciled in the State of Pennsylvania and subject to regulation by the OFFICE pursuant to the Florida Insurance Code and Florida Administrative Code.
3. AF&L Insurance Company's Florida Certificate of Authority was suspended by Order effective March 8, 2005, due to being out of compliance with certain financial requirements.
4. By operation of Section 624.421(4), Florida Statutes, AF&L Insurance Company's Certificate of Authority has deemed to have expired by operation of law effective March 9, 2007.

5. However, AF&L is able to submit filings for rate increases on policies already in force at the time of revocation.

6. AF&L has submitted a filing for a rate increase on certain long-term care policy forms underwritten by the company.

7. Based upon the OFFICE's review of AF&L's proposed long-term care rate schedules as filed in Florida file log number FLR 22-016019, the OFFICE has determined that the company's proposed premium rates have not been adequately demonstrated to be reasonable in relation to the benefits provided as required by Section 627.410, Florida Statutes, and Rule Chapter 690-149, Florida Administrative Code. However, the OFFICE has determined that some rate increase is necessary for AF&L to have adequate rates and protect the interests of its policyholders.

8. In order to resolve this issue, and in the aim of bringing consumer clarity to all current AF&L long-term care policyholders, the OFFICE, subject to the limitations and restrictions stated below, approves rate increases as outlined in paragraphs 9 through 14, below.

9. AF&L agrees to be subject to the following terms and conditions with respect to the Inflation Forms: LTC-4, LTC-7, LTC-8/LTC-8(TQ), QLTC97, LTC-10/LTC-10(TQ), LTC901 policies on its Comprehensive Block:

a. Other than the rate increase approved pursuant to this Order, the company or representatives of the company shall not implement any further rate increase on the Inflation Forms: LTC-4, LTC-7, LTC-8/LTC-8(TQ), QLTC97, LTC-10/LTC-10(TQ), LTC901, policies at issue in file log number FLR 22-016019, for a period of five years from the date the company begins its implementation of the rate increase as specified in Paragraph 9(b) of this Order. However, the company or representatives of the company may, based on then-current actual and projected experience, file for a new rate increase prior to the expiration of the five-year period specified in

this paragraph, provided such rate increase, if approved in whole or in part, will not be implemented on any policyholder’s policy prior to the expiration of said five-year period;

b. The rate increase shall be implemented over a period of 3 years. The first increment shall be imposed beginning at least 45 days after the date of approval, with the following two increments imposed thereafter on or after the anniversary date of the prior year’s increase, but in no event will any policyholder receive more than one rate increase within a twelve-month (consecutive) period;

c. The amount of the rate increase will also consider the issue age of the policyholder and the type of policy form held by each policyholder. The increases will be implemented according to the following table:

First Year				Second Year				Third Year			
Inflation Forms: LTC-4, LTC-7, LTC-8 / LTC-8(TQ), QLTC97, LTC-10 / LTC-10(TQ), LTC901											
Issue Age	Rate Increase	Issue Age	Rate Increase	Issue Age	Rate Increase	Issue Age	Rate Increase	Issue Age	Rate Increase	Issue Age	Rate Increase
18	26.0%	52	26.0%	18	26.0%	52	26.0%	18	26.0%	52	26.0%
19	26.0%	53	26.0%	19	26.0%	53	26.0%	19	26.0%	53	26.0%
20	26.0%	54	26.0%	20	26.0%	54	26.0%	20	26.0%	54	26.0%
21	26.0%	55	26.0%	21	26.0%	55	26.0%	21	26.0%	55	26.0%
22	26.0%	56	26.0%	22	26.0%	56	26.0%	22	26.0%	56	26.0%
23	26.0%	57	26.0%	23	26.0%	57	26.0%	23	26.0%	57	26.0%
24	26.0%	58	26.0%	24	26.0%	58	26.0%	24	26.0%	58	26.0%
25	26.0%	59	26.0%	25	26.0%	59	26.0%	25	26.0%	59	26.0%
26	26.0%	60	26.0%	26	26.0%	60	26.0%	26	26.0%	60	26.0%
27	26.0%	61	26.0%	27	26.0%	61	26.0%	27	26.0%	61	26.0%
28	26.0%	62	26.0%	28	26.0%	62	26.0%	28	26.0%	62	26.0%
29	26.0%	63	26.0%	29	26.0%	63	26.0%	29	26.0%	63	26.0%
30	26.0%	64	26.0%	30	26.0%	64	26.0%	30	26.0%	64	26.0%
31	26.0%	65	26.0%	31	26.0%	65	26.0%	31	26.0%	65	26.0%
32	26.0%	66	26.0%	32	26.0%	66	26.0%	32	26.0%	66	26.0%
33	26.0%	67	26.0%	33	26.0%	67	26.0%	33	26.0%	67	26.0%
34	26.0%	68	26.0%	34	26.0%	68	26.0%	34	26.0%	68	26.0%
35	26.0%	69	26.0%	35	26.0%	69	26.0%	35	26.0%	69	26.0%
36	26.0%	70	26.0%	36	26.0%	70	26.0%	36	26.0%	70	26.0%
37	26.0%	71	23.9%	37	26.0%	71	23.9%	37	26.0%	71	23.9%
38	26.0%	72	21.6%	38	26.0%	72	21.6%	38	26.0%	72	21.6%
39	26.0%	73	19.3%	39	26.0%	73	19.3%	39	26.0%	73	19.3%
40	26.0%	74	17.0%	40	26.0%	74	17.0%	40	26.0%	74	17.0%
41	26.0%	75	14.5%	41	26.0%	75	14.5%	41	26.0%	75	14.5%
42	26.0%	76	11.9%	42	26.0%	76	11.9%	42	26.0%	76	11.9%
43	26.0%	77	9.1%	43	26.0%	77	9.1%	43	26.0%	77	9.1%
44	26.0%	78	6.3%	44	26.0%	78	6.3%	44	26.0%	78	6.3%
45	26.0%	79	3.2%	45	26.0%	79	3.2%	45	26.0%	79	3.2%
46	26.0%	80	0.0%	46	26.0%	80	0.0%	46	26.0%	80	0.0%
47	26.0%	81	0.0%	47	26.0%	81	0.0%	47	26.0%	81	0.0%
48	26.0%	82	0.0%	48	26.0%	82	0.0%	48	26.0%	82	0.0%
49	26.0%	83	0.0%	49	26.0%	83	0.0%	49	26.0%	83	0.0%
50	26.0%	84	0.0%	50	26.0%	84	0.0%	50	26.0%	84	0.0%
51	26.0%	85	0.0%	51	26.0%	85	0.0%	51	26.0%	85	0.0%

10. AF&L further agrees to provide the following options to policyholders on the Inflation Forms policies on its Comprehensive Block who would like to lower premium costs:

a. Accepting a reduction in the daily benefit provided by the policy;

b. Accepting a reduction in the benefit period provided by the policy;

c. Accepting an increased elimination period under the policy. This option would increase the policyholder's initial out of pocket cost before the policy begins to provide benefits;

d. Accepting a paid-up policy with maximum benefits equal to the premium paid less any claims paid. This option would exempt the policyholder from making any future premium payments, and all other policy provisions, other than the maximum benefit, would remain unchanged.

11. AF&L agrees to be subject to the following terms and conditions with respect to the Non - Inflation LTC-4, LTC-7, LTC-8/LTC-8(TQ), QLTC97, LTC-10/LTC-10(TQ), LTC901 policies on its Comprehensive Block:

a. Other than the rate increase approved pursuant to this Order, the company or representatives of the company shall not implement any further rate increase on the Non-Inflation Forms: LTC-4, LTC-7, LTC-8/LTC-8(TQ), QLTC97, LTC-10/LTC-10(TQ), LTC901 policies at issue in file log number FLR 22-016019, for a period of five years from the date the company begins its implementation of the rate increase as specified in Paragraph 11(b) of this Order. However, the company or representative of the company may, based on then-current actual and projected experience, file for a new rate increase prior to the expiration of the five-year period specified in this paragraph, provided such rate increase, if approved in whole or in part, will not be implemented on any policy-holder's policy prior to the expiration of said five-year period;

b. The rate increase shall be implemented over a period of 3 years. The first increment shall be imposed beginning at least 45 days after the date of approval, with the following two increments imposed thereafter on or after the anniversary date of the prior year's increase, but in no event will any policy-holder receive more than one rate increase within a twelve-month (consecutive) period;

c. The amount of the rate increase will also take into account the issue age of the policy-holder and the type of policy held by each policy-holder. The increases will be implemented according to the following table:

First Year				Second Year				Third Year			
Non- Inflation Forms: LTC-4, LTC-7, LTC-8 / LTC-8(TQ), QLTC97, LTC-10 / LTC-10(TQ), LTC901											
Issue Age	Rate Increase	Issue Age	Rate Increase	Issue Age	Rate Increase	Issue Age	Rate Increase	Issue Age	Rate Increase	Issue Age	Rate Increase
18	26.0%	52	26.0%	18	26.0%	52	26.0%	18	26.0%	52	26.0%
19	26.0%	53	26.0%	19	26.0%	53	26.0%	19	26.0%	53	26.0%
20	26.0%	54	26.0%	20	26.0%	54	26.0%	20	26.0%	54	26.0%
21	26.0%	55	26.0%	21	26.0%	55	26.0%	21	26.0%	55	26.0%
22	26.0%	56	26.0%	22	26.0%	56	26.0%	22	26.0%	56	26.0%
23	26.0%	57	26.0%	23	26.0%	57	26.0%	23	26.0%	57	26.0%
24	26.0%	58	26.0%	24	26.0%	58	26.0%	24	26.0%	58	26.0%
25	26.0%	59	26.0%	25	26.0%	59	26.0%	25	26.0%	59	26.0%
26	26.0%	60	26.0%	26	26.0%	60	26.0%	26	26.0%	60	26.0%
27	26.0%	61	26.0%	27	26.0%	61	26.0%	27	26.0%	61	26.0%
28	26.0%	62	26.0%	28	26.0%	62	26.0%	28	26.0%	62	26.0%
29	26.0%	63	26.0%	29	26.0%	63	26.0%	29	26.0%	63	26.0%
30	26.0%	64	26.0%	30	26.0%	64	26.0%	30	26.0%	64	26.0%
31	26.0%	65	26.0%	31	26.0%	65	26.0%	31	26.0%	65	26.0%
32	26.0%	66	26.0%	32	26.0%	66	26.0%	32	26.0%	66	26.0%
33	26.0%	67	26.0%	33	26.0%	67	26.0%	33	26.0%	67	26.0%
34	26.0%	68	26.0%	34	26.0%	68	26.0%	34	26.0%	68	26.0%
35	26.0%	69	26.0%	35	26.0%	69	26.0%	35	26.0%	69	26.0%
36	26.0%	70	26.0%	36	26.0%	70	26.0%	36	26.0%	70	26.0%
37	26.0%	71	23.9%	37	26.0%	71	23.9%	37	26.0%	71	23.9%
38	26.0%	72	21.6%	38	26.0%	72	21.6%	38	26.0%	72	21.6%
39	26.0%	73	19.3%	39	26.0%	73	19.3%	39	26.0%	73	19.3%
40	26.0%	74	17.0%	40	26.0%	74	17.0%	40	26.0%	74	17.0%
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45	26.0%	79	3.2%	45	26.0%	79	3.2%	45	26.0%	79	3.2%
46	26.0%	80	0.0%	46	26.0%	80	0.0%	46	26.0%	80	0.0%
47	26.0%	81	0.0%	47	26.0%	81	0.0%	47	26.0%	81	0.0%
48	26.0%	82	0.0%	48	26.0%	82	0.0%	48	26.0%	82	0.0%
49	26.0%	83	0.0%	49	26.0%	83	0.0%	49	26.0%	83	0.0%
50	26.0%	84	0.0%	50	26.0%	84	0.0%	50	26.0%	84	0.0%
51	26.0%	85	0.0%	51	26.0%	85	0.0%	51	26.0%	85	0.0%

12. AF&L further agrees to provide the following options to policyholders on the Non-Inflation Forms policies on its Comprehensive Block who would like to lower premium costs:

a. Accepting a reduction in the daily benefit provided by the policy;

- b. Accepting a reduction in the benefit period provided by the policy;
- c. Accepting an increased elimination period under the policy. This option would increase the policyholder's initial out of pocket cost before the policy begins to provide benefits;
- d. Accepting a paid-up policy with maximum benefits equal to the premium paid less any claims paid. This option would exempt the policyholder from making any future premium payments, and all other policy provisions, other than the maximum benefit, would remain unchanged.

13. AF&L acknowledges and agrees that all representations and requirements set forth herein are material to the issuance of this Consent Order. Violation of any provision of this Consent Order shall constitute a violation of a lawful order of the OFFICE and may subject AF&L to one or more of the administrative remedies available under the Florida Insurance Code or other applicable law.

14. AF&L expressly waives a hearing in this matter, the making of findings of fact and conclusions of law by the OFFICE, and all further and other proceedings herein to which it may be entitled by law or rules of the OFFICE. AF & L hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order in any forum available to it, now or in the future, including the right to any administrative proceeding, state or federal court action, or any appeal.

15. AF&L expressly agrees that this Consent Order shall be binding on the company and any successor in interest. AF&L further agrees to notify any successors in interest that this Consent Order is in force.

16. Each party to this action shall bear its own costs and fees.

17. The parties agree that this Consent Order shall be deemed to be executed when the OFFICE has signed and docketed a copy of this Consent Order bearing the signature of the

authorized representative of AF&L, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically. AF&L agrees that the signature of its authorized representative as affixed to this Consent Order shall be under the seal of a Notary Public.

WHEREFORE, the agreement between AF&L INSURANCE COMPANY and the FLORIDA OFFICE OF INSURANCE REGULATION, the terms and conditions of which are set forth above, is APPROVED.

FURTHER, all terms and conditions contained herein are hereby DONE and ORDERED this 15<sup>th</sup> day of March 2023.



  
Michael Yaworsky,  
Interim Commissioner  
Office of Insurance Regulation

By execution hereof, AF&L INSURANCE COMPANY consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind AF&L INSURANCE COMPANY to the terms and conditions of this Consent Order.

AF&L INSURANCE COMPANY

(Corporate Seal)

By: Kimberly A. Greene

Print Name: Kimberly A. GREENE

Title: VP ADMINISTRATION

Date: MARCH 13, 2023

STATE OF Pennsylvania

COUNTY OF Montgomery

The foregoing instrument was acknowledged before me by means of  physical presence

or  online notarization, this 13<sup>th</sup> day of March 2023, by Kimberly A. Greene  
(name of person)

as V.P. - Administration for AF&L Insurance Company  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

Mukund Shah  
(Signature of the Notary)

Commonwealth of Pennsylvania - Notary Seal  
Mukund Shah, Notary Public  
Montgomery County  
My commission expires December 8, 2023  
Commission number 1266124  
Member, Pennsylvania Association of Notaries

Mukund Shah  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known  OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

My Commission Expires: 12/8/2023



COPIES FURNISHED TO:

KIMBERLY A. GREENE,  
Vice President, Administration  
AF&L Insurance Company  
580 Virginia Drive, Suite 330  
Ft. Washington, PA 19034  
[kgreene@afltc.com](mailto:kgreene@afltc.com)

JAMES DUNN, Director  
Life and Health Product Review  
Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, Florida 32399

BENJAMIN BEN, Managing Actuarial Analyst  
Life and Health Product Review  
Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, Florida 32399

KEVIN NEJA, Assistant General Counsel  
Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, Florida 32399  
(850) 413-3110  
[Kevin.Neja@flor.com](mailto:Kevin.Neja@flor.com)